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ABSTRACT

To search out areas for library cost reduction, a cost-effectiveness study of an overdue pickup operation was conducted. Labor and vehicle mileage costs and costs of planning the weekly pickup route were tabulated, and compared against the value returns from fines and the avoided cost of replacing lost items. Labor and mileage was determined at $28.04 per week, fine income at $14.84 and replacement savings at $25.25. It was also concluded that a large indirect savings resulted, since 60 percent of lost books were never replaced. The operation was judged to be cost-effective and recommended for continuation. (SK)

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THE COST EFFECTIVENESS OF FIELD PICK UP OF LONG OVERDUE ITEMS AT THE GLENDALE PUBLIC LIBRARY

prepared for the

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by

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As part of the continuing efforts to improve library operations and search out areas for cost reduction, the overdue-pickup operation was reviewed.

The Pick Up operation is a direct visit field recovery process set up to get back unreturned borrowed material and to collect fines and book costs. If the normal overdue process of first reminders and bills fails to bring in overdue material, then a Pick Up operation is scheduled approximately seven weeks after the due date. During the survey period, an average of 69 overdue items per week were processed by Pick Up.

From the weekly list of items due for Pick Up, a trip route is planned to minimize the travel involved. Items from more distant areas are held until a sufficient group accumulates to make a Pick Up trip to that area. Each Saturday, on most weeks of the year, a library employee visits the designated addresses and asks for the borrowed material and its overdue fine or else the listed price of lost material.

In order to measure the effectiveness of this operation, data was collected in March, April, May and June of 1974 on the hours spent in route planning and preparation, hours in the field, number of addresses visited, number of overdue items, and dollar values for fines and books. From this data a brief analysis was made.

Cost to Perform Pick Up

The direct costs per week to the library for the Pick Up operation are labor costs and vehicle mileage costs. The labor for both the preparation time and the field time is low cost page labor for which no fringe benefit costs apply. The costs as determined from the survey data are as follows:

Labor:

Average hours per week planning and preparation = 4.56
Average hours per week in the field = 6.00
10.56 hrs./wk.

10.56 hrs. x salary rate of $2.13 per hr. = $22.49 per week.

Mileage:

Average mileage of 37 miles per week x 15¢/mile = $5.55

Total Cost per week = $22.49 + $5.55 = $28.04

Value Returns from Pick Up

The tangible returns from the Pick Up operation are direct cash received for fines and lost books, and a cost avoidance factor due to the recovery of what would otherwise be "lost" books to the system.

Cash Received:

Average fines collected per week = $12.19
Average price dollars collected for "lost" books = 2.65
$14.84 Total Cash per wk.

Cost Avoided:

The average list price value of books collected each week is $68.49

Approximately 40% of all "lost" books are re-ordered to maintain the item in the collection. The purchase cost to the library is approximately 72% of the list price. In addition there is cost involved in the administration and processing costs of purchasing the replacement items. If this purchasing cost is assumed to be $1 per book, the cost avoided by recovering the books through Pick Up is as follows:

Purchase price = $68.49 x 40% x 72% = $19.73
Processing cost of 13.8 items per week x $1 x 40% = $ 5.52
$25.25 per week

Total value returns per week = $14.84 + $25.25 = $40.09

Net Direct Cost Savings

The difference between the cost and the returns for the Pick Up opeation is $40.09 - $28.04 = $12.05 net gain per week.

This weekly amount saved extends to $626.60 per year net direct cost savings due to Pick Up.

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Indirect Savings

In addition to the measured direct cost savings, there are other benefits which should be considered. Approximately 60% of books which are lost are not reordered and are permanently lost to the collection. Although a certain number are not replaced because sufficient copies remain or because a judgment was made that the item is no longer desired in the collection, a signigicant quantity are not reordered because they are no longer available or have escalated in price beyond reach. It is theorized that some books in these categories are "lost" because they are not available elsewhere or are a bargain at the list price on the book pocket. Therefore, any of these items which are recovered by the Pick Up operation have a value to the library beyond the direct cash value.

Another savings results from an apparent stimulation to return items after an attempt at pick up has been made. It has been noted that a number of Pick Up list items are returned after the Pick Up messenger has visited an address and attempted to contact a borrower.

Conclusions

From this brief analysis it can be concluded that the Pick Up operation is cost effective and should be continued. The reason it is cost effective is because of the economy of the operation made possible by using low cost Page labor. If a Clerk I with fringe benefits performed this same effort, the costs would be almost $17 a week higher and hence not cost effective on a direct cost basis.

In addition to being cost effective, the operation also appears to be efficient in terms of coverage. On the average the labor time, including.both preparation and field time, is 21 minutes per address visited and 9.2 minutes per overdue item listed. The efficiency in terms of

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recovery with 20% of the listed items recovered cannot be judged without some basis for comparison. Considering the fact that these borrowers have resisted all previous notices and the random chance of finding them at home, the recovery rate seems quite reasonable.